

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Natwar M. Gandhi
Chief Financial Officer

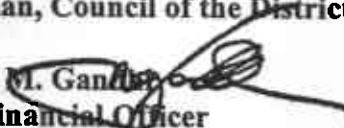


2005 JAN 25 PM 2: 48

CHAIRMAN CROPP

MEMORANDUM

TO: Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JAN 25 2005

SUBJECT: Fiscal Impact Statement: "Leave Systems Amendment Act of 2005"

REFERENCE: Draft Legislation to be Introduced – No Number available

Conclusion

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed legislation. No additional staff or resources will be required to implement the bill's provisions.

Background

The proposed legislation authorizes a new leave system for the Senior Executive Attorney Service and the Excepted Service, and modifies the leave system for the Executive Service. Employees with under 5 years of District service will be entitled to 20 days of vacation per year. Employees with over 5 years of service will be entitled to 26 days of vacation leave per year. Leave time in the new 20/26 day leave system may not be carried over to subsequent years. No employee shall be charged for leave for any absence that is less than 8 hours per work day.

Upon implementation of the proposed legislation the employee shall have his or her leave balance transferred to an escrow for use by the employee until fully expended. All hours over 240 shall be paid in lump sum to the employee at the rate of pay prior to the escrow transfer.

If an employee is appointed to the Senior Executive Attorney Service, the Executive Service or the Excepted Service from another position in the District government without an interruption or break in service, that person may carry over and deposit into an escrow

account accrued leave time up to 240 hours, available for use at the employee's discretion. Escrow leave is to be made available until fully expended. The employee may receive a lump-sum payment for any leave hours in excess of 240 at the pay rate effective prior to the transfer.

The proposed legislation requires that upon separation from District service the employee is entitled to a lump-sum payment of an amount representing all unexpended accrual of annual or vacation leave, less a pro-rated amount representing the portion of the leave that would be creditable for the remainder of the year, at the rate of pay at the time of separation.

The proposed legislation requires that sick leave accrued under a different leave system, shall be held in an escrow account and may be used at the discretion of the employee until exhausted.

In addition, the Senior Executive Attorney Service, the Executive Service and the Excepted Service will be entitled to 5 leave days for non-employment related injury or illness. Leave accrued under these provisions of the bill may be carried over without limitation until fully expended. If the employee is eligible for retirement under the Civil Service Retirement System,¹ unexpended leave may be credited for retirement purposes. The Executive Service may also transfer into his or her annual leave escrow account any accrued universal leave.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed legislation. No additional staff or resources will be required to implement the bill's provisions. The expenditure of leave is limited by the accrual of leave. Balances may not go negative, nor can approved leave cause a negative balance. As of pay period 25 of calendar year 2004, 66 persons had leave balances in excess of 240 hours. The payout cost of this excess leave would be approximately \$160,000 if expended in pay period 25. Agencies will be required to payout costs when they occur from existing resources.

The proposed legislation does not state at what pay rate hours below 240 are to be paid in every bill provision addressing circumstances when the employee is separating from District service. The implication is that the valuation will be the pay rate that the employee has at the time the account is cashed-out. In this case, the District may be expending more funds than the employee has made in contributions to the leave bank. This is because the leave time may have been earned at a rate of pay lower than the rate of pay at the time of separation.

¹ CSRS retirement is pursuant to 5 U.S.C. § 8331.